

Minutes S-1043 Fall Meeting
Economic Impacts of International Trade and Domestic Policies on Southern
Agriculture
November 9-10, 2010
Washington, DC (Agenda attached)

The following is a list of the participants present at the S-1043 Multi-State Research Committee fall meeting held in Washington, DC.

<u>NAME</u>	<u>INSTITUTION</u>
1. Lynn Kennedy	Louisiana State University
2. Won W. Koo	North Dakota State University
3. Dennis Conley	University of Nebraska
4. C. Parr Rosson, III	Texas AgriLife Research
5. Darren Hudson	Texas Tech University
6. Eric Young, Administrative Advisor	North Carolina State University
7. Henry Kinnucan	Auburn University
8. Darren Hudson	Texas Tech University
9. Suzanne Thornsby	Michigan State University
10. Stanley Fletcher	University of Georgia
11. Larry Sanders	Oklahoma State University
12. Andy Schmitz	University of Florida
13. Willi Meyers	University of Missouri
14. Jaime Malaga	Texas Tech University
15. David Karemera	South Carolina State University
16. Mary Marchant	VirginiaTech
17. Andrew Muhammad, Liaison	Economic Research Service, USDA

Tuesday, November 9, 2010 (Economic Research Service)

Opening of Meeting and Discussion of the Agenda

The meeting was called to order at 9:00 am by the Chair, Dr. Rosson. He welcomed members and visitors to the meeting and reviewed the agenda for the day. Dr. Rosson introduced Sally Thompson who provided a brief overview of ERS programs and objectives. She noted the importance of any joint research projects fitting within the scope of the ERS workplan and priorities of the 2011 strategic plan. About 80 percent of ERS staff time is utilized for division projects. She was followed by Mary Anne Normile, John Wainio and Keithly Jones who gave overviews of their ongoing work and research projects (see agenda). Jonathan Coleman provided an overview of US International Trade Commission operations, staffing and research work. He was followed by Tom Vollrath and Andrew Muhammed.

Presentations by Economic Research Staff

Dr. Normile outlined the four major program areas for MTED: National Export Initiative, Doha WTO Negotiations, Competition and Macroeconomics and Trade. An overview of each area was provided and discussed by committee members. Dr. Normile noted that North American meat markets are an important research area, especially trade issues. She also emphasized that China is now a top priority area for ERS with project on livestock, horticulture and international trade be most important.

Dr. Wainio focused on his work on trade agreements. He noted that the US now has 17 trade agreements, with a total of 270 existing worldwide. He focused on ASAEN trade, Korea and Colombia agreements. He also noted that Mexico is negotiating with MERCOSUR and there are competition issues that need to be examined.

Dr. Jones discussed his work in market integration of North American meat trade. He also discussed the conference on Issues in Global Meat Trade that was held in September 2008 and asked S-1043 to co-sponsor the event when it is held again in September 2011.

Jonathan Coleman and Hugh Arce (USITC) gave overviews of the Research Division and Office of Economic Research and Applied Economics. The former focuses on tariff and nontariff barrier analysis, while the latter does work related to anti-dumping/countervailing duty petitions, and country/regional analysis. The USITC Research Division is staffed by 40 economists.

Dr. Vollrath discussed the use of gravity models in trade agreement analysis and key results related to his work. Dr. Muhammad discussed his work on import demand analysis, changing methods and key results.

Business Meeting and Committee Discussion

The S-1043 business meeting convened at 3 p.m. with a report by Administrative Advisor Eric Young. Discussion focused on the federal budget situation and outlook and possible budget reductions. NIFA budget issues were noted where appropriate and discussed. The importance of formula funding was noted and the role it has in supporting land grant research. Dr. Young also mentioned that there is now a new Science Roadmap for Agriculture and that the Directors had agreed to support a three year continuation of their efforts to market the experiment stations. He also noted that APLU has now replaced NASULGC. Dr. Rosson welcomed Dennis Conley as a new member and Andrew Muhammad as ERS liaison to the committee.

Other discussion topics included farm bill publications, spring meeting location and potential for work on Cuba.

Dr. Rosson asked for ideas for a spring meeting location. Dr. Schmitz suggested that the committee co-sponsor the annual Farming for Profit conference held in Moose Jaw, Saskatchewan, June 26-27, 2011. It was agreed that the conference could focus on the importance of the Ukraine, Russia and Kazakstan as competitors in North American wheat production and that key policy makers from all countries should be invited to attend. Dr. Meyers

noted that the Kiev Institute of Economics recently held the Ukraine Grain Congress and that some of the speakers for that event may be able to attend the Moose Jaw conference. A sub-committee of Dr. Schmitz (chair), Dr. Meyers and Dr. Thornsbury will explore the prospects and report to the Chair.

Dr. Rosson discussed the possibility that the committee co-sponsor the Issues in Global Meat Congress next fall. Committee discussion focused on involvement of more industry speakers, funding and timing of the meeting. Dr. Keithly Jones would be point of contact at ERS for the meeting. Dr. Muhammad (chair), Dr. Schmitz, Dr. Kinuccan and Dr. Karemera were appointed as a sub-committee to explore this are report back to the Chair.

Drs. Sanders and Rosson provided an overview of the farm bill education project including discussion papers and options/consequences papers, stakeholder survey and potential workshops for extension/research and congressional staff. Likely House and Senate Agriculture Committee leadership was discussed. The committee agreed that several topics could be added to the project that relate specifically to trade/domestic policy: credit availability, equity issues on farms, free trade agreements, WTO, exchange rates, cotton issues, immigration reform and speculation and price impacts. As funding is available and a clearer time-line for the farm bill emerges, the committee will focus its efforts on some or all of these topics, depending on guidance from the steering committee of extension economists led by Brad Lubben (University of Nebraska) and Steven Klose (Texas AgriLife Extension Service).

Dr. Koo mentioned that he has been asked by Senator Conrad to design a farm bill conference for the period May-June 2011 and that there may be a role for any materials developed by S-1043 to serve as educational resources for the conference participants.

Dr. Thornsbury discussed the need for more research/educational materials related to Cuba as a potential export market for US food and agricultural products. It was agreed that given many other legislative priorities and timing of the farm bill, Cuba projects would be monitored and revisited in 2012. A sub-committee of Dr. Malaga (chair), Dr. Nalley, Dr. Kennedy and Dr. Rosson agreed to do this and report to the committee.

Dr. Marchant reported that Virginia Tech has funding for a PhD student to work in FAEIS project and do research with her. She also noted that the APLU has an awards program and that S-1043 was overdue such an honor.

Dr. Rosson adjourned the business meeting at 5:00 p.m.

Wednesday, November 10, 2010 (Foreign Agricultural Service and American Farm Bureau Federation)

The Foreign Agricultural Service meeting began at 9 a.m. Dr. Rosson introduced Daniel Whitley who an overview of the recent FAS organizational changes. He also noted that according to FAS analysis FY2010 has been an excellent year for US agricultural exports and that 2011 may be even better. He also emphasized that for every \$1.0 billion in US exports, an additional 8,000 jobs are created, thereby indicating the importance of the National Export

Initiative and its role in economic growth. FAS is developing a tariff data base to be available for use in 2011 and may have some applications for S-1043 research.

Oliver Flake provided the US trade situation and outlook. He noted that distillers' dried grains (DDGs) are growing in importance as an export and that about 25 percent of US DDG production now enters the export market. Some of this trade may be in jeopardy because China could implement import licenses to impeded imports. Most of DDG exports are containerized and depart through Gulf ports. He emphasized that India's protectionist trade stance may impede imports in 2011 and into the future. By 2019 FSU grain exports are expected to exceed those of the United States. A copy of his presentation was provided to the committee.

Hui Jiang gave an overview of China. She noted that rural holding average about 1.5 acres and are not contiguous, leading to inefficiencies in production and distribution. Land may not be owned by holders, but may be leased up to 30 years. The GOC has implemented programs to maintain a critical amount cultivated land of 120 million hectares.

Dr. John Anderson hosted the AFBF meetings. Chris Garza gave a legislative update and discussed key committee leadership changes. He also noted the fact that many new congressional members are not pro-trade, so getting trade agreements passed will require that democrats and republicans work together in order to have the needed votes. The South Korea agreement needs to be done by July 2011 or it will miss the legislative deadline. There may be attempts to tie all three agreements (Korea, Colombia and Panama) together and submit as one package. The Trans Pacific Partnership agreement negotiations are moving forward, but there are some splits in the coalition, so progress is uncertain. Other major trade issues to watch include Russian WTO Accession, the Brazil Cotton Case and attempts to resolve the beef access issues with Japan and Korea.

Dr. Hudson mentioned that cotton producers have a preference for some type of farm support similar to marketing loans and CCP, and expect that to continue.

Tara Smith provided an overview of farm bill issues and political changes likely to affect the outcome. She noted the House Agriculture Committee membership would change substantially due to recent elections and that about half of the committee would be new members. It's likely that new hearings will occur in 2011 and that the bill will be written in 2012, with passage in 2013. Budget issues will figure prominently in the design and passage on new legislation. Thirty-eight programs will not have a baseline after 2011, so finding money to support them will be a major issue.

Dr. Anderson discussed his recent experiences with farm groups and reactions to likely budget impacts on funding and farm program structure.

The meeting was adjourned at 3:00 p.m.